

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF IOWA

In re:) Chapter 11
)
MERCY HOSPITAL, IOWA CITY,) Case No. 23-00623 (TJC)
IOWA, *et al.*)
) (Jointly Administered)
Debtors.)
)

**MERCY HEALTH NETWORK INC.'S STATUS REPORT REGARDING MOTION FOR
ENTRY OF AN ORDER REQUIRING THE OC TO PRODUCE RECORDS AND
SUBMIT TO EXAMINATION PURSUANT TO BANKRUPTCY RULE 2004**

Mercy Health Network Inc., d/b/a MercyOne (“MercyOne”), by its attorneys, Foley & Lardner LLP and Belin McCormick, respectfully submits this status report (the “Status Report”) for the upcoming status hearing on May 16, 2025 regarding MercyOne’s *Motion for Entry of an Order Requiring the OC to Produce Records and Submit to Examination Pursuant to Bankruptcy Rule 2004* [Docket No. 1858] (the “Motion”).¹ MercyOne respectfully states as follows:

1. On April 25, 2025, this Court conducted a hearing on the Motion, at which the Court determined that MercyOne is entitled to limited discovery under Rule 2004. Specifically, this Court observed that MercyOne should be entitled to seek information under Rule 2004 that evidences any defenses or counterclaims MercyOne may have against the OC, Debtors and/or MIC.

2. This Court conducted a status hearing on May 9, 2025, at which the parties represented that the OC agreed to produce documents responsive to seven (7) Document Requests [Nos. 22, 24, 25, 44, 45, 46, 47]. The parties also agreed that those Document Requests would be subject to the same date range as in the OC 2004 discovery request (May 1, 2017 through April

¹ Capitalized terms used but not defined herein shall have the same meanings as defined in the Motion or the Discovery Requests, as applicable.

30, 2023) and to use the following custodians: Sean Williams, Michael Trachta, Douglas Davenport, Jeff Rooney, and Thomas Clancy. *See also* Dkt. No. 1893. MercyOne also has agreed to eliminated eleven (11) Document Requests [*see* Nos. 18-22, 26-31, & 41-42]² to conform with this Court's ruling on April 25. *See* Dkt. No. 1893.

3. This Court also reiterated its statements it reiterated that topics discussed and/or sought in the OC Rule 2004 discovery requests may also be discoverable by MercyOne as it would be relevant to a potential counterclaim or defense. The parties agreed to continue to work together to narrow the remaining thirty-four (34) Document Requests, and so this Court then continued the status hearing to May 16.

4. Since then, the parties have reached additional agreements on certain Document Requests. ***First***, the OC agreed to produce documents response to an additional eight (8) Document Requests. Those requests are as followed:

Request No. 23. Documents and Communications sufficient to show MIC's compliance with its obligations under the Agreement.

Request No. 33. All Documents and Communications evidencing UIHC's acquisition of practices of MIC, including but not limited to the impact any such acquisition had on MIC's operations, financial performance or viability or its decision to pursue bankruptcy.

Request No. 35. All Documents and Communications evidencing the recommendation by MercyOne that MIC join the CommonSpirit Group Purchasing Organization.

Request No. 36. All Documents and Communications evidencing the rejection by the MIC Board of the recommendation that MIC join the Common Spirit Group Purchasing Organization, including the reasons for that rejection.

Request No. 37. All Documents and Communications evidencing the work of Insight Health Partners for MIC, including all efforts to turn around MIC's financial decline and/or to assist with revenue cycle and operations.

² As noted in its May 9 status report, MercyOne agreed to eliminate Document Request No. 22, but the OC has agreed to produce documents responsive. As such, MercyOne will proceed with this request.

Request No. 38. All Documents and Communications evidencing the work of Navigant for MIC, including all efforts to turn around MIC's financial decline and/or to assist with revenue cycle and operations.

Request No. 39. All Documents and Communications evidencing the work of Vizient for MIC, including all efforts to turn around MIC's financial decline and/or to assist with revenue cycle and operations.

Request No. 40. Documents and Communications sufficient to show that MIC reported "over \$100,000,00 in operating losses," as set forth in paragraph 2 of the OC's Motion.

The OC proposed search terms for the above Document Requests, to which MercyOne has agreed.

Consistent with the other agreed Document Requests, parties also agreed to the same date range (May 1, 2017 through April 30, 2023) and to use the same four (4) custodians: Sean Williams, Michael Trachta, Douglas Davenport, Jeff Rooney, and Thomas Clancy.

5. ***Second,*** MercyOne agreed to eliminate an additional five (5) Document Requests [Nos. 4, 7, 13, 16, & 32]. In addition, MercyOne proposed to eliminate Document Requests Nos. 1 and 9 if the OC would agree to produce documents responsive to Document Requests Nos. 3 and 8, respectively. At the time of this filing, the OC is still reviewing this proposal.

6. As to the remaining nineteen (19) Document Requests [Nos. 2, 3, 5, 6, 8, 10-12, 14, 15, 17, 34, 43, 48-53], MercyOne has proposed search terms and date ranges (some of which are shorter than the already agreed upon date range of May 1, 2017 through April 30, 2023) in hopes to facilitate streamline this process and further discussion with the OC. MercyOne proposed to use the same four (4) custodians: Sean Williams, Michael Trachta, Douglas Davenport, Jeff Rooney, and Thomas Clancy.

7. As of the time of this filing, the OC is still reviewing MercyOne's proposal to the remaining nineteen (19) Document Requests. In light of the progress since the May 9 status hearing, MercyOne is hopeful the parties will be able to reach a resolution as to the remaining

nineteen (19) Document Requests. The parties have been working, and will continue to work, in good faith to reach resolutions as to MercyOne's Document Requests.

Dated: May 16, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies, under penalty of perjury, that on this May 16, 2025, the foregoing document was electronically filed with the Clerk of Court using the Northern District of Iowa CM/ECF and the document was served electronically through the CM/ECF system to the parties of this case.

/s/ David B. Goroff
David B. Goroff